Commission provide USF support for services that can be functional substitutes for residential wireline local exchange service.[53] The functional equivalent of residential service can be achieved for those lacking residential wireline service through the use of prepaid wireless service, or a combination of prepaid local usage plan and voice mail.

A fundamental goal of the 1996 Act is to "ensure that universal service is available at rates that are just, reasonable and affordable."[54] In this regard, the Commission has been concerned with the "causes of low subscribership . . . especially among low-income individuals," in ensuring that all Americans have access to the nation's telecommunications network.[55] Universal service has made great advances in increasing subscribership at affordable rates through subsidization of residential, wireline local exchange service. Many low-income individuals who qualify for universal service subsidies, however, do not receive the benefits of universal service because they are unable to obtain residential wireline service.[56]

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[53] The Joint Board expressly invited comments concerning whether to support "functional substitutes" for the services listed in the current definition of universal service. *See* August 21, 2001 Public Notice at 3.

[54] 47 U.S.C. § 254(b)(1) (2000); *see also* First Report and Order at 8837, ¶ 109.

[55] Twelfth Report and Order at 12215, ¶ 109.

[56] Such individuals include those who live in geographically-isolated rural and insular areas, and those who move frequently to pursue employment opportunities or otherwise lack a permanent residence. Approximately 12 million adults nationwide who have been homeless in their lives. *See Priority Home! The Federal Plan to Break the Cycle of Homelessness* (1995), *available at*: http://www.nationalhomeless.org/numbers.html. And although the statistics regarding the number of migrant farmworkers currently living in the U.S. vary greatly depending on the methodology used to count these individuals and how a migrant worker is identified, research indicates that approximately one million to three million migrant individuals, including farm workers and their families live and work in the U.S. *See* Alice Larson and Luis Plascencia, *Migrant Enumeration Project* (1993). These studies show that potentially there are millions of individuals at any given

Furthermore, the Communications Act of 1934, as amended by the 1996 Act, states that it is the policy of the United States "to make available, so far as possible, to all the people of the United States, without discrimination a rapid, efficient, nationwide and worldwide communications service."[57] Because this policy must guide the Commission's interpretation of section 254(b)(1), the Commission is obligated to ensure the availability of quality services for all consumers without regard to their residential status. Accordingly, USCCB, *et al.* strongly recommend that the Joint Board advise the Commission to provide USF support for services that are functional substitutes for residential wireline service.

The Commission noted in its First Report and Order that it will "continue actively to monitor subscribership across a wide variety of income levels and demographic groups" to ensure that access to the local and network is made available to all Americans at affordable rates.[58] In its Twelfth Report and Order, the Commission found that telephone "penetration levels among particular areas and populations are significantly below the national average" penetration rate of 94 percent of U.S. households.[59] Populations for which penetration levels are well below the national average generally

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time who, because they are among the poorest in the country, almost certainly would qualify for Lifeline assistance but for the fact that they cannot obtain the essential tool to make use of universal service subsidies.

[57] 47 U.S.C. § 151 (2000).

[58] First Report and Order at 8844, ¶ 123.

[59] Twelfth Report and Order at 12215, ¶ 109, *citing Telephone Subscribership in the United States,* Report (rel. June 22, 2000) at 2 and *passim* (the objective of the Twelfth Report and Order was to "identify the impediments to increased subscribership in unserved and underserved regions of our Nation, including tribal lands and insular areas").

include customers residing in rural and insular areas, as well as low-income individuals who frequently change residences to pursue employment, and or otherwise do not have permanent residences.

Prepaid wireless service, or a combination of prepaid local usage and voice mail, can provide the functional equivalent of residential wireline service for those who lack residential local exchange service. Both options allow such individuals not only to place outgoing calls, but also to receive important calls and messages concerning health, safety, educational and other matters essential to their well-being and the public interest.

In addition to providing access to the telecommunications network, because they are prepaid and metered, the plans help eligible low-income subscribers remain on the network as well. Prepaid plans do not require deposits or credit investigations, which can be a barrier to subscribership for low income individuals. Prepaid plans also are more manageable for those who lack permanent residences, who do not have a fixed address to which to send bills, and therefore could be at risk for missing payment deadlines, and having their phone service disconnected, under postpaid plans.

### A. Prepaid or Metered Wireless Service Should Be Supported by the USF to Allow Those Who Cannot Obtain Wireline Service to Access the Local Network

The Commission already has determined in its Twelfth Report and Order, and subsequent orders, that alternatives to wireline service, such as wireless, can provide the services and functionalities of wireline local exchange service, and can be the most administratively-efficient means to provide phone service to subscribers for whom wireline service is unaffordable or impractical.[60] In this regard, prepaid or metered

[60] *See generally* Twelfth Report and Order at 12236, ¶ 55; *see also, e.g., Federal-State Joint Board on Universal Service, Western Wireless Corporation Petition for*

wireless service provides a cost-efficient and practical way to not only link up, but also keep, those who lack residential phones connected to the local network.

### 1. As a Functional Substitute for Residential Wireline Service, Prepaid Wireless Service Meets the Section 254(c)(1) Criteria for Funding

As the functional equivalent of residential wireline service, wireless service meets the definitional criteria of section 254(c)(1)[61] for the same reasons that local exchange service meets the criteria of this section. These definitional criteria are further discussed below.

#### a. As a Functional Substitute for Residential Wireline Service, Prepaid Wireless Service Is Essential to Education, Public Health and Public Safety

A primary goal of wireless phone service is to "mitigate against loss of life and the harmful effects of delaying treatment for illness and injuries."[62] Pay phones have long been the only way many lower-income people could communicate with schools, hospitals, shelters and other essential services, or summon help in an emergency. However, the number of payphones in the nation has decreased over the past several years, making it much harder for low-income individuals to call free emergency numbers such as 911 support.[63] In addition, the cost of making a call from a pay phone has

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*Designation as an Eligible Telecommunications Carrier for the Pine Ridge Reservation in South Dakota*, Memorandum Opinion and Order, CC Docket No. 96-45, FCC 01-284 (rel. Oct. 5, 2001) ("Western Wireless Petition").

[61] *See* 47 U.S.C. § 254(c)(1) (2000).

[62] *See* E911 Order at 18690, ¶ 25.

[63] *See, e.g.,* Stan Choe, *BellSouth to Extend Pay Phone Operation by One Year in Southeast,* Knight-Ridder Tribune Business News, Aug. 21, 2001, *available at* 2001 WL 26626229 (noting that, because of "lagging demand," BellSouth has removed about 10 percent of the approximately 20,000 pay phones it maintained in North and South

increased.[64] Thus, pay phones do not provide an effective means to contact essential services beyond those offered through emergency lines.[65] As a result, many low-income individuals must find alternative means of accessing the local network, or forego making essential calls.[66]

Prepaid wireless calling plans provide a solution and are far superior to pay phones in offering individuals who lack residential phone service a reliable means to contact essential services. First, such individuals will always have access to a phone in case they are a victim of a crime, observe criminal activity, or otherwise need to act quickly in case of emergency.[67] Pay phones and free phones in public facilities can be

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Carolina during the last six months).

[64] *See, e.g,* Dwight Silverman, *A Quarter's Not Enough For a Call*, Houston Chronicle, Oct. 17, 1997, *at* http://www.chron.com/content/chronicle/page1/97/10/18/payphones.2-0.html (noting that the homeless rely on pay phones to make their daily calls, and that the increase in pay phone rates from 25 cents to 35 cents is a 40 percent rate increase for every call).

[65] *See* First Report and Order at 8840, ¶ 114.

[66] *See, e.g.,* "Public Pay Phone Use down as Wireless Use Grows," (Westchester Journal News, May 15, 2001); "BellSouth to Hang Up Payphone Business As Wireless Grows," Bloomberg News (February 2, 2001), *available at* http://news.cnet.com/news/0-1004-200-4700740.htm ("BellSouth is getting out of the payphone business by the end of 2002, partly because the boom in wireless usage has sapped its sales").

[67] For example, according to a study of 44 women in Washington, D.C. who were "episodically homeless," "30% reported at least one incident of physical assault and 34% reported at least one sexual assault while homeless. Of the sexual assaults, 57 percent reported that it occurred on the street, and 55 percent reported that the perpetrators were strangers." The authors conclude that "for episodically homeless women with serious mental illness, the lifetime risk for violent victimization is so high that rape and physical battery are normative experiences." *See* L.A. Goodman, *Episodically Homeless Women with Serious Mental Illness: Prevalence of Physical and Sexual Assault*, 65 Am. J. of Orthopsychiatry 468–478 (1995). Access to a wireless phone would allow the subscriber to call for help during an emergency, or at least be able to call after an attack to summon emergency personnel without a life- or health-threatening delay.

few and far between, and highly-mobile and migrant individuals who are not familiar with an area might not even know where to find a phone. Second, the use of wireless phones avoids the need for installation altogether and can be transported and used as the subscriber's local phone throughout the calling area. Third, wireless phones offer those who lack residential phone service a way to be contacted by others to receive essential information from doctors, social workers, shelters, prospective employers and others who provide services essential to the health and well-being of subscribers who cannot obtain residential phone service.[68]

Finally, a prepaid or metered option for wireless service is essential to the needs of individuals who lack residences. By paying for service in advance, the subscriber need not worry about paying deposits and tracking down monthly bills sent to them at temporary work sites, temporary housing or any other such address. As a result, the subscriber is less likely to have his or her phone service disconnected for failure to pay.[69] Accordingly, prepaid wireless service meets the criteria of section 254(c)(1)(A).

**b. Wireless Service, Including Prepaid Plans, Is Subscribed to by a Majority of Customers**

Because wireless service is a functional substitute for wireline local service, which is subscribed to by over 94 percent of all residential customers,[70] wireless service meets the criterion of 254(c)(1)(B), that it has been subscribed to by a substantial

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[68] These essential messages include information from schools concerning the subscriber's children, and information from governmental agencies concerning changes in benefits, child support, and the status of domestic cases.

[69] *See generally* First Report and Order at 8818, ¶ 76 (acknowledging that overdue phone bills are a substantial impediment to subscribership among low-income individuals when approving toll blocking as a service eligible for universal service support).

[70] *See Statistics of Common Carriers,* 2000/2001 Edition, Table 5.2 at 230 (rel. Sept. 18,

majority of residential customers. Moreover, wireless service itself is widely subscribed to by a majority of customers, and in fact has 60 percent as many subscribers as wireline service.[71] Moreover, wireless subscription has increased at a rate of approximately 30 percent over the last year,[72] and wireless prices have been falling at a rate of 10 percent per year.[73] Nearly 40 percent of all telephone connections in the U.S. are wireless, with four new wireless subscribers added for every one new wireline subscriber.[74] Also, wireless services are being deployed as the primary residential phone for certain high-cost, rural areas.[75] These facts, taken together, show that wireless service is subscribed by a majority of consumers, consistent with section 254(c)(1)(B). Furthermore, although wireless service through prepaid (rather than post-paid) plans is a relatively new service, it has grown significantly. Prepaid wireless programs have become so popular that the

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2001).

[71] According to *Trends in Telephone Service*, as of December 2000, a total of 193,818,048 end user wirelines were reported by LECs, and 109,478,031 wireless subscribers were reported by the Cellular Telecommunications and Internet Association ("CTIA"). *See Trends in Telephone Service*, Com. Car. Bur., Industry Analysis Div., Tables 9.1, 12.2 (Aug. 2000). Currently there are 123,227,016 wireless subscribers in the U.S. *See* CTIA, World of Wireless, Industry Issues and Answers (visited Oct. 27, 2001), *available at* http://www.wow-com.com/ industry/states/articles.cfm?ID=282.

[72] *See* Local Telephone Competition: Status as of December 2000, Federal Communications Commission (Dec. 21, 2000).

[73] The Consumer Price Index for Cellular Service decreased 29 percent from April 1998 to April 2001. *See* Bureau of Labor Statistics, Consumer Price Index (2001), *available at* http://www.bls.gov/cpi/.

[74] *See* Press Release, CTIA, U.S. Wireless Industry Continues to Experience Record-Setting Growth (Oct. 18, 2000), *available at* http://www.wow-com.com/news/press/body.cfm?record_id=904; *see also* Wireless News, Comm. Daily, Sept. 27, 2001, at 5 (J.D. Power and Associates reports that 52 percent of households surveyed in the 25 largest U.S. markets had wireless phone service, a 93% increase from 1995).

[75] *See, e.g.,* Western Wireless Petition at 10, ¶ 25.

number of users in the United States is expected to jump from 2.5 million to 20 million in three years as more consumers learn about them.[76]

### c. Wireless Service, Including Prepaid Plans, Is Widely Deployed by Telecommunications Carriers

Wireless service enjoys broad deployment, as there are over 2,440 wireless systems operating in the U.S.[77] Wireless service is widely deployed by LECs, such as Verizon, and traditional long distance providers such as AT&T and Sprint, as well as by carriers that focus on rural areas, such as Western Wireless. Thus, wireless service also meets the criteria of section 254(c)(1)(C) for USF support.[78]

### d. As a Functional Substitute for Residential Wireline Service, Prepaid Wireless Service Is Consistent with the Public Interest Because It Allows More Subscribers Access the Local Network

Support of prepaid wireless service benefits the public interest, consistent with section 254(c)(1)(D), because it would permit a greater number of individuals to access the telecommunications network. Because the cost of basic local service could be paid in advance with the same universal service funds used to subsidize residential wireline service, the subscriber would not miss any payments, and thus would not risk losing

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[76] *See* Lorene Yue, *Cell Phones, Calling Card Services: Prepaid Calling Attracts a Growing Number of Users*, Detroit Free Press, Mar. 26, 2000, *available at* http://www.freep.com/ money/consumer/guide26_20000326.htm.

[77] *See* Cellular Telecommunications and Internet Association, World of Wireless, Industry Issues and Answers, Background on CTIA's Semi-Annual Wireless Industry Survey (visited October 29, 2001), *available at* http://www.wow-com.com/industry/stats/surveys/.

[78] USCCB, *et al.* does not take the position that wireless service provides a competitive equivalent to wireline service. For purposes of these comments, USCCB, *et al.* only take the position that wireless service can provide core USF services for those who cannot obtain wireline phones.

service. Access to the local network not only provides a conduit to essential health, safety and educational services, but also links subscribers to potential employers, landlords and others who can assist the individual to obtain a job, apartment and other things that will enhance the individual's ability to end the cycle of homeless and more fully participate in society. As such, the ability to access to the local network increases participation in the community and helps such individuals in taking steps to become self-sufficient and get off of social support programs. Prepaid wireless service thus enhances the overall value of the telecommunications network for all Americans.

### 2. Support of Prepaid Wireless Service Would Have Minimal Impact on the USF

Because USCCB, *et al.* advocate prepaid wireless service as a substitute for, rather than an adjunct to, residential wireline service, USCCB, *et al.* strongly recommend that the Joint Board propose that the Commission approve a Lifeline subsidy for prepaid wireless that is equivalent to, and on the same terms as, the Lifeline subsidies provided for wireline service. Thus, based on current USF levels of support, wireless carriers could receive up to $7.85 per month in federal subsidies for wireless local service.[79]

Retail rates for prepaid wireless plans generally are higher than those for postpaid service to account for the fact that the subscriber does not have to pay a security deposit or be locked into a long term service contract.[80] Otherwise, the actual cost of providing wireless service is no different than that for postpaid wireless service.[81] The Commission

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[79] *See* 47 C.F.R. §§ 54.403(a)(1) – (a)(3) (2000).

[80] For example, Tracfone charges $7.99 for 10 minutes of prepaid wireless service. *See* Tracfone website, *available at* http://www.tracfone.com/phonedocumentation.jsp.

[81] Verizon Wireless rates average $0.15 per minute off-peak and $0.30 per minute peak,

has said that, "to the extent the [universal service rules] impose costs," they also "provide substantial financial benefits, by providing carriers with guaranteed revenue streams in place of billings subject to the risks of non-collection."[82] In that regard, to the extent that the Commission establishes a maximum subsidy, carriers still will have an incentive to devise ways to reach those customers through cost-efficient prepaid wireless plans that are within the subsidy caps.

Although the cost of a wireless phone is not subsidized by the USF, eligible individuals should not encounter any difficulty in obtaining a wireless phone to access the carrier's services. Wireless carriers frequently offer low-cost or free phones as part of a bundled service package.[83] And wireless phones often are donated by carriers or by individuals to non-profit organizations.[84]

Wireless service might actually create less expense for the USF than wireline service because the functional equivalent of soft dial tone is required to be included in all service plans,[85] and such plans also typically include, among other features, expanded

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and there are many plans that offer hundreds or thousands of minutes of use per month for a flat fee.

[82] Twelfth Report and Order at 12288, ¶ 62.

[83] *See* AT&T Wireless website, Online Specials at www.attwireless.com (offers a free Nokia 5165 phone and free shipping with any AT&T service activation).

[84] *See, e.g.,* Donate A Phone website (visited Oct. 31, 2001), *available at* http://www.wirelessfoundation.org/12give/.

[85] *Report and Order and Further Notice of Proposed Rulemaking*, Revision of the Commission's Rules To Ensure Compatibility With Enhanced 911 Emergency Calling Systems, CC Docket No. 94-102, FCC 96-264 (released July 26, 1996) (carriers must transmit 911 calls even from non-service initialized phones).

calling areas and voice mail,[86] that connect subscribers to essential services and information. To the extent that wireless carriers that are eligible for reimbursement under the universal service program already have facilities serving a subscriber's area, providing service to that subscriber would not require a Link Up subsidy, which can be up to $30 per subscriber per installation. This could result in a savings to the USF, particularly with respect to eligible subscribers who are highly mobile.[87] Thus, in addition to providing a competitive choice for consumers, wireless also could have the effect of reducing the cost of underwriting universal service.[88]

### B. The Combination of Metered Local Usage and Voice Mail Should Be Supported by the USF to Allow Those Who Cannot Obtain Wireline Service to Access the Local Network

USCCB, *et al.* propose that the general benefits of the USF core services could also be achieved through a functionally-equivalent combination of a prepaid, metered local usage plan and voice mail offered by telecommunications carriers and administered by non-profit organizations or social agencies who serve low-income individuals who

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[86] *See, e.g.,* Verizon regional wireless calling plans, *available at* http://www.verizonwireless.com/; Sprint PCS national wireless calling plans, *available at* http://www.sprintpcs.com/.

[87] *See supra* note 70. It would be less costly for someone who frequently makes calls of short duration to have wireless service rather than to incur repeated pay phone charges. For example, 10 calls to essential service agencies at $0.40 per call per say would mean that a very low-income subscriber would have $4.00 less to spend on other necessities such as food and shelter.

[88] *See* Tom Wheeler, Cellular Telecommunications and Internet Association, *Wireless Is Providing a Competitive Choice for Consumers in Rural America,* Advanstar Communications, Feb. 1, 2000, *at* www.americasnetwork.com/issues/2000supplements/20000201wi/wheeler.htm (The local wireline company "responded to competition by offering an expanded local calling area, new long distance rates and discounted Internet access." Thus, "the benefits of wireless service to consumers – lower rates, innovative service offerings and mobility and peace of mind – reach both wireless and wireline subscribers.").

cannot obtain residential wireline service, such as those who lack a permanent residence or are highly-mobile.[89] Under this proposal, low-income individuals could receive, in lieu of residential wireline or wireless service, a reasonable amount of metered, toll-free local usage and a voice mail box provided by a telecommunications carrier and administered by a non-profit organization or social service agency. In this way, those without a permanent residence could both place and receive (through voice mail) telephone calls.

Because the cost of providing voice mail and local usage is so low when provided in conjunction with non-profit organizations, the entire amount of both the voice mail and local usage component would be covered by the USF subsidy. Thus, the service would be akin to prepaid service, in that the customer would not have a bill to pay at the end of the service period. Furthermore, as a substitute for residential service, the combination of prepaid or metered local usage and voice mail would meet the definitional criteria of section 254(c)(1)[90] and could be capped at the levels of federal USF subsidization that are offered for residential service.

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[89] USCCB, *et al.* will address the issues concerning eligibility of nonprofit communications providers to qualify for USF support in the Joint Board's concurrent eligibility proceeding.

[90] *See* 47 U.S.C. § 254(c)(1) (2000).

### 1. As a Functional Substitute for Residential Wireline Service, the Combination of Metered Local Usage and Voice Mail Meets the Section 254(c)(1) Criteria for Funding

#### a. As a Functional Substitute for Residential Wireline Service, the Combination of Metered Local Usage and Voice Mail Is Essential for Education, Public Health and Public Safety

Because it is a substitute for residential phone service, the combination of metered local usage and voice mail is essential for education, public health and safety, for the reasons USCCB, *et al.* articulated in support of prepaid wireless service, and thus meets the criteria of section 254(c)(1)(A).

Where phones which can be used for free at social services agencies are not available, the metered local usage component of this program would offset the cost of using pay phones to contact essential service providers. Using pay phones for multiple calls can be much more expensive than the cost of comparable residential service provided at a flat monthly rate and is beyond the means of the impoverished.[91] The distribution of metered local usage accounts to low-income individuals who lack residential phone service as part of the overall plan could be used to defray the cost to low-income individuals of making local calls to essential public and private social services.[92]

Furthermore, voice mail is the only reliable way that individuals who do not have their own phones can receive messages from essential service providers such as hospitals,

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[91] *See* note 64 (noting that pay phone rates in some areas have increased by 40 percent).

[92] *See* First Report and Order at 8804, ¶114.

schools and governmental agencies.[93] Thus, the combination of metered local usage and voice mail is essential to education, public health and safety. Together they provide the means for those lacking residential service to access the telecommunications network. They also ensure that such individuals are not forced to allocate a disproportionately larger amount of their already low incomes -- money that could be spent on necessities such as food and shelter -- on pay phone calls.

### b. Metered Calling Plans and Voice Mail Are Used By a Majority of Residential Customers

As with wireless service, the combination of metered local usage and voice mail could serve as a functional substitute for wireline local service, which is subscribed to by 94 percent of all residential customers,[94] and thus meets the criterion of 254(c)(1)(B), that it has been subscribed to by a substantial majority of residential customers. As an adjunct to wireline service, voice mail is widely used by residential customers. A substantial majority of residential customers subscribe to voice mail and/or use answering machines. For example, Verizon's Answer Call voice mail service, the largest in the country, reaches over three million customers. Additionally, millions of residential subscribers connect answering machines to their home telephones, a functionality that is substantially the same as voice mail provided through a telephone carrier.[95] Similarly, metered

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[93] For example, many pay phone providers choose to block incoming calls to their payphones, and public facilities such as shelters often lack the personnel and facilities to take incoming calls and messages for their clients.

[94] *See Statistics of Common Carriers,* 2000/2001 Edition, Table 5.2 at 230 (rel. Sept. 18, 2001).

[95] *See, e.g.,* "More Households Using Answering Machines," Decision Analyst, Inc. (October 15, 1997), *available at* http://www.decisionanalyst.com/publ_data/1997/ansmachi.htm (77.3% of U.S. households own an answering machine "The answering machine is no longer a luxury. It has become a household utility, a necessity").

and stored-value telecommunications usage is widely used through prepaid calling cards, prepaid wireless service, and other calling plans.[96]

### c. Metered Calling Plans and Voice Mail are Widely Deployed by Telecommunications Carriers

Voice mail and metered and stored-value calling plans, such as prepaid calling cards, are widely deployed by telecommunications carriers. Nearly all telecommunications carriers provide voice mail as an optional service, and most wireless carriers offer voice mail as a standard option with certain calling plans.[97] Many third party vendors provide remote voice mail services (that are not tied to a telephone account), and non-profit organizations such as the National Community Voice Mail Federation also provide voice mail to low-income subscribers, such as the homeless.[98] Likewise, prepaid calling plans, such as prepaid calling cards, that can be used for local

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[96] According to an IDC survey conducted in 2001, the market for prepaid calling cards will continue to expand, with revenue growing from $3.4 billion in 2000 to $5.3 billion at the end of 2005. *See* Press Release, IDC Research, New Users and Aggressive Marketing Move the Prepaid Calling Card Market Forward (July 27, 2001), *available at* http://www.idc.com/ communications/press/pr/CM072701pr.stm.

[97] *See, e.g.,* Verizon, Call Features, Home Voice Mail, *available at* https://www22. verizon.com/foryourhome/SAS/res_fam_avoidmissed.asp; Verizon Wireless Basic Voice Mail Call Feature, *available at* http://www.Verizonwireless. com/ics/plsql/shop.intro.

[98] Since 1993, the National Community Voice Mail Federation has provided over 30,000 people in 39 cities and counties in the U.S. with free and low-cost voicemail services. *See* Community Voice Mail Evaluation, Summer Survey 2001 at 2 (on file with the Community Technology Institute) (Sept. 2001). CVM systems are stand-alone voicemail computers linked to telephone trunks and Direct Inward Dials (DIDs) purchased from local phone companies. Each DID corresponds to a voice mailbox. A CVM organizer distributes the voice mailboxes to hundreds of agencies across a community; the agencies in turn provide clients with personalized, seven-digit phone numbers that can be accessed from any touch-tone phone, 24 hours a day. Telephone interview with Kevin Taglang, consultant to the National Community Voice Mail Federation (Oct. 24, 2001).

and long distance service are widely offered by telecommunications carriers as well as resellers. Accordingly, metered calling plans and voice mail are widely deployed by telecommunications carriers and thus meet the criteria of section 254(c)(1)(C).

#### d. As a Functional Substitute for Residential Wireline Service, the Combination of Metered Local Usage and Voice Mail Is Consistent with the Public Interest

For the same reasons USCCB, *et al.* offer in support of prepaid wireless service, support of a combination of a metered local usage component and voice mail is consistent with the public interest because these services present an effective and inexpensive way for those lacking residential phone service to access the local network and be reached by others on the network. The ability to call out to, and receive messages from, essential service providers is a fundamental requirement for participation in the telecommunications network. Making this basic functionality available to those who cannot obtain wireline phones will increase subscribership, and accordingly, the overall value of the local network. Thus, the use of metered local usage and voice mail as a functional substitute for residential phone service meets the criteria of section 254(c)(1)(D).

### 2. Support of Metered Local Usage and Voice Mail Would Have Minimal Financial Impact on the USF

Because USCCB, *et al.* advocate metered local usage and voice mail as a substitute for, rather than an adjunct to, residential wireline service, USCCB, *et al.* suggest that the Joint Board propose that the Commission approve a Lifeline subsidy for a combination of the two services that is equivalent to, and on the same terms as, the Lifeline subsidies provided for wireline service. Thus, carriers could receive up to $7.85

per month in federal subsidies[99] for providing a combination of prepaid local usage and voice mail.

The program could be provided through non-profit community voice mail providers, such as the National Community Voice Mail Federation Federation ("CVM"), at costs within the suggested level of support. CVM's community voice mail program is a proven system which offers free voice mail to clients at a cost of approximately $8 to 10 per customer per year to those who are unable to obtain wireline service. The cost of community voice mail is much lower than the voice mail service provided by incumbent LECs, which averages from $4.00 to $6.50 per month,[100] and "transient" voice mail, which costs approximately $8 to $15 per month,[101] plus any toll charges the subscriber would incur accessing the system from outside the local calling area if the program does not include a toll-free access number.

Thus, USCCB, *et al.* believe that the most cost-efficient way to administer such a voice mail program is to provide support to community voice mail providers who operate and support low-cost voice mail systems, with donated or reduced-cost equipment, that are accessible by subscribers with a toll-free 800 number. Non-profit groups such as CVM, acquire voice mail boxes at reduced cost to serve those in temporary housing.[102]

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[99] *See* 47 C.F.R. §§ 54.403(a)(1) – (a)(3) (2000).

[100] *See* Verizon, Call Features, Home Voice Mail, *available at* https://www22.verizon.com/foryourhome/SAS/res_fam_avoidmissed.asp.

[101] "Transient" voice mail does not require the subscriber to subscribe to residential phone service. *See* KPU Telecommunications website, *available at* http://www.kpunet.net/~kputel/Services/voicemailtracient.htm (offering transient voice mail for $7 per month, 10 minutes message time, $4.50 for additional five minutes of message time).

[102] The Cleveland Municipal School District's Project ACT, for example, has a collaboration with Sprint PCS and the National Community Voice Mail Federation.

CVM providers currently provide voicemail to clients at a cost of $8 to 10 per client, per year, plus the cost of maintaining toll free numbers that clients can use to access the voice mail system free of charge.[103]

The metered local usage component of the program could be provided by nonprofit organizations coordinating with telecommunications carriers, who would collect the USF subsidy for those enrolled in the program. The metered local usage component should include adequate units to make a reasonable number of calls to essential services within the subscribers' communities of interest. The subsidy for the combined metered local usage/voice mail plan could be a flat rate tied to a current level of support, such as the up to $7.85 in federal subsidies that eligible carriers receive under the current USF system.

Finally, support of metered local usage and voice mail for those who cannot obtain wireline service would not increase the overall cost to the USF. To the extent that individuals who lack residential phone service already qualify for, but do not receive, the USF subsidies, the combination of local usage and voice mail merely is a conduit for providing these individuals with the services to which they are entitled under the 1996 Act.

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Every homeless family who has children attending the CMSD receives a voice mailbox free of charge to the user. This is accomplished by using PCS phones donated by Sprint for staff to provide a voice mailbox to each family no matter where staff meets them.

[103] Telephone interview with Kevin Taglang, consultant to the National Community Voice Mail Federation (Oct. 24, 2001). Furthermore, in 2000, the Wisconsin legislature approved state funding of up to a maximum of $40,000 per year to support voice mail service for the homeless population of the entire state of Wisconsin. *See* Wisconsin P.S.C. § 160.125 (2000).

Therefore, USCCB, *et al.* urge the Joint Board to recommend that the Commission approve USF support for the use of a combination of metered local usage and voice mail as a functional substitute for residential wireline service.

## IV. Conclusion

For the foregoing reasons, and in the interest of promoting access among low-income individuals to essential services via the local telecommunications network, USCCB, *et al.* urge the Joint Board to advise the Commission to include soft dial tone and expanded area service within the list of core services and network elements supported by the federal USF. In addition, USCCB, *et al.* also urge the Joint Board to advise the Commission to include prepaid wireless service, and a combination of prepaid local usage and voice mail as services that serve as functional substitutes for the core services supported by the USF.

Respectfully submitted,

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Dated: November 5, 2001

## CERTIFICATE OF SERVICE

I, Tara O'Brien Wu, hereby certify that I have on this Fifth day of November, 2001, sent via U.S. Mail, postage prepaid, copies of the "Comments Regarding Federal-State Joint Board Review of the Definition of Universal Service" to the following:

Sheryl Todd (three copies)
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Accounting Policy Division
Federal Communications Commission
445 12th Street, S.W., Room 5-B540
Washington, DC 20554

Thomas Dunleavy, Commissioner
New York Public Service Commission
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Martha Hogerty, Public Counsel
Missouri Office of Public Counsel
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Kathleen Q. Abernathy, Commissioner
FCC Joint Board Chair
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Tara O'Brien Wu

# Appendix

# Descriptions of Organizations and Constituencies

## THE UNITED STATES CONFERENCE OF CATHOLIC BISHOPS

The United States Conference of Catholic Bishops (USCCB), formerly the United States Catholic Conference, is a nonprofit corporation organized under the laws of the District of Columbia whose members are the active Catholic Bishops of the United States. The USCCB advocates and promotes the pastoral teachings of the Bishops in areas such as education, family life, health care, social welfare, immigration, civil rights, the economy, housing, and communications.

## THE ALLIANCE FOR COMMUNITY MEDIA

The Alliance for Community Media is a national membership organization dedicated to fostering the public's access to electronic media. The Alliance represents the interests of an estimated 1.5 million individuals involved with community, religious, and charitable groups who use public, educational and governmental access channels on cable television and who are also interested in access to other electronic media. The Alliance seeks to assure broad access to such media by all persons by providing facilities for communication and through public education, building coalitions and supporting local organizing.

## THE APPALACHIAN PEOPLE'S ACTION COALITION

The Appalachian People's Action Coalition (APAC) is a nonprofit membership corporation and community organization based in southeastern (Appalachian) Ohio. It serves as a community development corporation and advocacy organization for low-income residents of Appalachian Ohio. APAC and its over 400, mostly low-income members have worked to ensure that rural low-income consumers in Ohio have access to affordable telecommunications services. Moreover, APAC has extensive experience as an intervener in telecommunications proceedings before the Public Utilities Commission of Ohio.

## CENTER FOR DIGITAL DEMOCRACY

The Center for Digital Democracy (CDD) is a nonprofit organization working to ensure that the digital media systems serve the public interest. CDD is committed to preserving the openness and diversity of the Internet in the broadband era, and to realizing the full potential of digital communications through the development and encouragement of noncommercial, public interest programming. To these ends, CDD's four broad goals are to: 1) enhance public understanding of the changing dimensions of the US digital media system, 2) foster the development of a new generation of activists to work on digital media policy issues, 3) promote the development of a new online "commons," a consolidated and more visible space in which the public will have access to a variety of noncommercial sources of information and service, and 4) stimulate nonprofit organizations to become active producers of next-generation broadband media content.

## CLEVELAND PUBLIC SCHOOLS AND PROJECT ACT

The Cleveland Public Schools' Action for Children and Youth in Transition project (Project ACT) provides direct instructional and support services to children and youth residing in temporary or transitional shelters. A comprehensive, holistic approach is used to deliver the direct instructional and support services necessary to facilitate the homeless child's transition into school and to ensure the child's success and ongoing participation in the educational system.

Support services include all that is necessary to accomplish the goal of meeting physical, social and emotional needs and empowering parents to support their children in this endeavor. Project ACT provides a 24-hour helpline for shelter providers with instant access to the Cleveland Public Schools, Department of Student Assignments to register students, obtain school assignments and transportation service for homeless children and youth. The Project also provides voice mail for staff, students, parents, and teachers to communicate with one another via an 800 access line.

## THE COMMUNITY TECHNOLOGY INSTITUTE

The Community Technology Institute (CTI) is a national non-profit organization that collaborates with voicemail manufacturers and human services agencies to install and maintain Community Voice Mail programs that serve homeless and phoneless people. CTI also coordinates the National Community Voice Mail Federation Federation, which is the only organized group providing a model for universal access to telecommunications for poor people in this country. CTI leads this collective to demonstrate best practices for public policy makers and the telecommunications industry, to test and exchange new applications, to measure and compare community impact and benefits, and to guide scores of future replications around the world.

## CONSUMER ACTION

Consumer Action is a 30-year old, non-profit membership organization that focuses on the telecommunications needs of low-income and limited-English speaking consumers. Each year Consumer Action distributes more than two million copies of free educational materials in five languages, through a national network of 6,500 community groups and social service agencies. Many of these groups serve seniors, recent immigrants, people with disabilities, farm workers and the homeless.

## CONSUMER FEDERATION OF AMERICA

Since 1968, the Consumer Federation of America (CFA) has provided consumers a well-reasoned and articulate voice in decisions that affect their lives. The size and diversity of its membership -- more than 285 organizations from throughout the nation with a combined membership exceeding 50 million people -- enables CFA to speak for virtually all consumers. In particular, CFA looks out for those who have the greatest needs, especially the least affluent.

CFA is first and foremost an advocacy organization, working to advance pro-consumer policy on a variety of issues before Congress, the White House, federal and state regulatory agencies, and the courts. CFA is also an educational organization, disseminating information on consumer issues to the public and the media, as well as to policy makers and other public interest advocates. Finally, CFA is a membership organization, providing support to national, state, and local organizations committed to the goals of consumer advocacy and education.

## EDGEMONT NEIGHBORHOOD COALITION

The Edgemont Neighborhood Coalition is a non-profit community organization located in the City of Dayton, Montgomery County, Ohio. The Coalition is comprised of residents of Edgemont, a low-income African-American neighborhood, who operate a community computer center where residents are able to access computer and telecommunications technology. The Edgemont Neighborhood Coalition also works to ensure that its community has access to affordable telecommunications services, and has extensive experience in matters involving such services before the Public Utilities Commission of Ohio and the Federal Communications Commission.

## MIGRANT LEGAL ACTION PROGRAM

The Migrant Legal Action Program (MLAP) is a national advocacy center which works with indigent migrant and seasonal farm workers nationwide. MLAP has as its goal the improvement of living and working conditions for this group of hardworking people. The program works with a network of legal services offices, grassroots farm worker organizations, and other nonprofit groups to better the lives of farm worker families.

## NATIONAL COALITION FOR THE HOMELESS

Founded in 1984, the National Coalition for the Homeless (NCH) is a private, non-profit, national advocacy organization that exists to educate all levels of society in order to identify and put to an end the social and economic causes of homelessness. NCH is the nation's oldest and largest national homelessness advocacy organization, comprised of activists, service providers, and persons who are, or have been, homeless striving toward a single goal – to end homelessness. It is the mission of NCH to create the systemic and attitudinal changes necessary to prevent and end homelessness, while concurrently working to increase the capacity of local supportive housing and service providers to better meet the urgent needs of those families and individuals now homeless in their communities. The strategies we use to implement our mission are: litigation, lobbying, public education, policy advocacy, community organizing, research and providing technical assistance.

## THE NATIONAL COMMUNITY VOICE MAIL FEDERATION

The National Community Voice Mail Federation (CVM Federation) is a group of Community Voice Mail sites committed to sharing best practices, helping new sites achieve excellence, and increasing public awareness about Community Voice Mail as a response to homelessness and poverty. The CVM Federation is the only organized group providing a model for universal access to telecommunications for poor people in this country.